

## Message Text

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: MEETING OF COUNCIL OF EC AGRICULTURAL MINISTERS JAN  
19-20

REF: 75 EC BRUSSELS 11370

1. SUMMARY: COUNCIL DISCUSSION FOCUSED ON WINE, THE COMMISSION'S 1976/77 PRICE PACKAGE, AND CERTAIN PROPOSALS FOR THE STRUCTURAL IMPROVEMENT OF THE AGRICULTURAL SECTOR. HOWEVER, NO DECISIONS WERE TAKEN IN THESE AREAS. PRESIDENT ORTOLI PERSONALLY URGED THE COUNCIL TO RESOLVE THEIR DIFFERENCES ON WINE BUT NO VISIBLE PROGRESS WAS MADE ON THIS ISSUE. THE DISCUSSION OF THE 1976/77 PRICE PACKAGE WAS FOR THE MOST PART SHALLOW. LARDINOIS GAVE A BRIEFING ON HIS MEETING WITH SECRETARY BUTZ. THE COUNCIL DECIDED TO REMOVE TARIFFS ON IMPORTS OF WARE POTATOES UNTIL MARCH 28, 1976. COUNCIL DISCUSSION OF THE PROPOSED MIXING REGULATION FOR NONFAT DRY MILK POWDER (NFDM) IS BEING REPORTED BY SEPTEL. END SUMMARY.

2. STRUCTURAL REFORM: THE MEETING BEGAN WITH A DISCUSSION OF FOUR OUTSTANDING COMMISSION PROPOSALS FOR THE IMPROVEMENT  
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OF AGRICULTURAL STRUCTURE. THESE PROPOSALS INVOLVE AIDS TO THE

FORESTRY SECTOR, TO YOUNG FARMERS, TO PRODUCER GROUPS, AND FOR THE IMPROVEMENT OF THE AGRICULTURAL PROCESSING INDUSTRY. OBJECTIONS TO THESE PROPOSALS WERE MADE PRIMARILY BY THE GERMANS AND THE BRITISH WHO WERE WARY BOTH OF THE COST AND OF THE EFFECTIVENESS OF THESE PROPOSALS. THEY EXPRESSED CONCERN THAT THE ADOPTION OF THESE PROGRAMS MIGHT FORCE EXPENDITURES IN THE GUIDANCE SECTION OF FEOGA ABOVE THE \$325 MILLION U.A. CEILING. LARDINOIS FELT THAT THIS FUNDING WOULD BE ADEQUATE--AT LEAST UNTIL 1980. MOST OF THE OTHER MEMBER STATES WERE GENERALLY IN FAVOR OF THE PROPOSALS. THE PROPOSALS WERE SENT BACK TO THE SPECIAL AGRICULTURAL COMMITTEE FOR FURTHER EXAMINATION. IN ADDITION, LARDINOIS PROMISED THAT THE COMMISSION WOULD FORWARD TO THE COUNCIL A REPORT ON STRUCTURAL MEASURES ALREADY IN FORCE SOMETIME IN FEBRUARY.

3. WINE: WINE WAS AN UNEXPECTEDLY IMPORTANT TOPIC AT THIS COUNCIL MEETING. PRESIDENT ORTOLI APPEARED BEFORE THE COUNCIL MONDAY NIGHT AND APPEALED TO THEM TO RESOLVE THE WINE ISSUE. HE SAID THAT THE CONTINUED DELAY (THE COMMISSION HAS BEEN STRUGGLING TO FIND ACCEPTABLE PROPOSALS FOR ALMOST TWO YEARS) IN RESOLVING THIS ISSUE HAD PUT THE CREDIBILITY OF EUROPE IN JEOPARDY. ORTOLI'S INTERVENTION WAS VIEWED AS AN ATTEMPT TO FORCE THE ITALIANS WHO NOW REFUSE TO NEGOTIATE UNTIL THE FRENCH TAX IS REMOVED, TO GIVE WAY. NONETHELESS, NO VISIBLE PROGRESS WAS MADE ON THIS ISSUE. IN FACT, THE FRENCH POSITION SEEMS EVEN MORE ENTRENCHED AS THEY HAVE INDICATED THAT EVEN WITH THE ADOPTION OF NEW WINE REGULATION SOMETHING WILL BE NEEDED TO OFFSET THE FALL IN VALUE OF THE LIRA.

4. LARDINOIS-BUTZ MEETING: LARDINOIS GAVE A BRIEFING TO THE MINISTERS ON HIS JAN. 6-9 MEETING WITH SECRETARY BUTZ. LARDINOIS FELT THAT THE DIVERGENCE BETWEEN U.S. AND EC AGRICULTURAL POLICY WOULD PROBABLY BE EXACERBATED OVER THE NEXT FEW YEARS AND PARTICULARLY IN THE NEXT FEW MONTHS AS THE US ADMINISTRATION WOULD BE INCLINED TO STRESS THESE DIFFERENCES BEFORE THE ELECTIONS, I.E., THE US WOULD EMPHASIZE ITS POLICY OF LIBERALIZATION VIS-A-VIS THE EC STANCE OF STABILIZATION. HOWEVER, HE INDICATED THAT HE AND SECRETARY BUTZ HAD AGREED TO STRIVE TO REDUCE THE TENSIONS RESULTING FROM THIS DIVERGENCE. (COMMENTS ON THE NFDM MIXING REGULATION ARE REPORTED BY SEPTTEL.)  
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5. 1976/77 PRICES: FOR THE MOST PART THE DISCUSSIONS ON PROPOSED PRICES AND RELATED MEASURES WERE RATHER SHALLOW AND PREDICTABLE. ON A GENERAL LEVEL, THERE WAS SOME DISCUSSION OF THE "OBJECTIVE METHOD" USED BY THE COMMISSION IN ELABORATING ITS PROPOSALS. BASICALLY, THE MINISTERS FELT THAT THE COMMISSION SHOULD CONTINUE TO IMPROVE THIS METHOD. THE UK EXPRESSED THE VIEW THAT THE GENERAL LEVEL OF INCREASE WAS TOO HIGH.

THE GERMANS ALSO SHOWED SOME CONCERN OVER THE HIGH LEVEL OF PRICES PROPOSED BUT FOCUSED THEIR MAJOR CRITICISM ON THE PROPOSAL TO REMOVE GERMAN MONETARY COMPENSATORY AMOUNTS. THEY ALSO OPPOSED THE TWO-STAGE PRICE INCREASES FOR DAIRY PRODUCTS. ITALY AND IRELAND REPORTEDLY MADE THE MOST NEGATIVE STATEMENTS WITH REGARDS TO THE "INADEQUACY" OF THE COMMISSION'S PROPOSAL. THERE APPEARS TO HAVE BEEN LITTLE DISCUSSION OF THE PROPOSED CHANGES IN THE GRAIN PRICE STRUCTURE. THE BRITISH EXPRESSED THEMSELVES IN FAVOR OF A LOWER INTERVENTION PRICE FOR FEED WHEAT; HOWEVER, THEY DOUBTED THAT THE DISTINCTION COULD BE MADE BETWEEN FEED AND MILLING WHEAT. CONSEQUENTLY, THEY FELT THE MARKET PRICE FOR FEED WHEAT SHOULD BE ALLOWED TO FIND ITS OWN LEVEL. THERE ALSO WAS LITTLE DISCUSSION OF THE COMMISSION'S PROPOSALS FOR THE DAIRY SECTOR. MOST MEMBER STATES FELT THAT THE PRICES PROPOSED FOR MILK PRODUCTS WERE TOO LOW. WITH RESPECT TO BEEF, THE BRITISH MADE THEIR USUAL PITCH IN FAVOR OF SLAUGHTER PREMIUMS. THE DUTCH GAVE THEM SOME SUPPORT IN EXPRESSING THE VIEW THAT THE CUREENT EC INTERVENTION SYSTEM HAS NOT WORKED WELL AND THAT THEREFORE THE BRITISH IDEAS SHOULD BE EXAMINED.

6. POTATOES: THE COUNCIL DECIDED TO SUSPEND THE TARIFF ON WARE POTATOES (CXT 07.01 A IIIB - 18 PERCENT, 14.4 PERCENT FOR THE UK) UNTIL MARCH 28, 1976. THE BRITISH HAD ALSO REQUESTED THAT THE TARIFF ON NEW POTATOES BE SUSPENDED, BUT THE ITALIANS BLOCKED THIS AND THE MATTER HAS BEEN REFERRED TO THE SPECIAL COMMITTEE.

7. FISH: THE COUNCIL ALSO DECIDED TO GIVE TEMPORARY EC AUTHORIZATION FOR THE CATCH QUOTAS FOR 1976 AGREED ON BY MEMBER STATES WITHIN THE FRAMWORK OF THE NEAF. CERTAIN DUTCH FISHERMAN HAD CONTESTED THE AUTHORITY OF MEMBER STATE GOVERNMENTS TO ENFORCE THESE QUOTAS, CLAIMING THAT THIS MATTER FELL WITHIN LIMITED OFFICIAL USE

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THE JURISDICTION OF THE COMMUNITY. THE COUNCIL AUTHORIZATION PROVIDES A TEMPORARY SOLUTION TO THIS PROBLEM. IN THE MEAN-TIME, THE COMMISSION HAS BEEN ASKED TO DEVELOP PROPOSALS FOR THE ESTABLISHMENT OF A COMMUNITY REGIME GOVERNING THESE QUOTAS. THE COUNCIL ALSO APPROVED THE "CODIFICATION" (I.E. CONSOLIDATION AND UPDATING) OF THE MAJOR EEC REGULATIONS IN THE FISHERY SECTOR.

8. THE COUNCIL EXTENDED THE END OF THE CUREENT MILK MARKETING YEAR FROM JANUARY 31 TO FEBRUARY 29, 1976.GREENWALD

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